

## Message Text

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ORIGIN SS-25

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DRAFTED BY TREAS:BSNEWMAN:RL  
APPROVED BY EB/IFD/OMA:RJRYAN, JR.  
TREAS:SYCROSS  
EUR/NE:JCROWLEY, JR.  
S/S - MR. LUERS

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O 061653Z DEC 74  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 268114

EXDIS

E.O. 11652:GDS  
TAGS: EFIN  
SUBJECT:U.S. VIEWS ON HEALEY WITTEVEEN MARK II PROPOSAL

REF: LONDON 15811

1. WE APPRECIATE SENSITIVITY OF INQUIRY FROM SAUDI  
AMBASSADOR AND WOULD NOT WANT HEALEY TO HEAR FROM SAUDI'S  
VIEWS WHICH HAD NOT BEEN STATED DIRECTLY TO U.K. OFFICIALS.

2. U.S. EXECUTIVE DIRECTOR TO THE IMF EXPECTS TO MAKE EARLY  
STATEMENT TO FUND EXECUTIVE BOARD ON IMF OPERATIONS AND  
MULTILATERAL FINANCING NEEDS IN 1975, WHICH WILL ELABORATE  
ON BASIC POLICY ENUNCIATED BY SECRETARY SIMON ON SUCH ISSUES  
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AS IMF OIL FACILITY AND USE OF FUND RESOURCES. TEXT WILL  
BE CIRCULATED AS SOON AS AVAILABLE. MEANTIME, HOWEVER,  
EMBASSY SHOULD LIMIT INFORMATION CONVEYED TO SAUDI

AMBASSADOR RE HEALEY-WITTEVEEN MARK II PROPOSAL POINTS MADE IN SECRETARY SIMON'S STATEMENT TO THE NATIONAL FOREIGN TRADE CONVENTION AND TESTIMONY BEFORE THE JOINT ECONOMIC COMMITTEE (COPIES OF BOTH HAVE BEEN SENT TO TREASURY ATTACHE IN LONDON). WE HAVE NOT BEEN ATTRACTED TO FINANCING SCHEMES PUT FORWARD IN ISOLATION FOR THEY ADDRESS ONLY THE FINANCIAL SYMPTOMS OF CURRENT DIFFICULTIES AND NOT THE REAL SOURCE OF THE PROBLEM, THE PRICE OF OIL. THE FINANCIAL PROPOSALS THE U.S. HAS PUT FORWARD ARE THEREFORE PART OF A

COMPREHENSIVE INTERNATIONAL ENERGY PROGRAM WHICH ADDRESSES BOTH THE NEED FOR SUPPLEMENTARY MECHANISMS TO PROVIDE A FINANCIAL SAFETY NET FOR COUNTRIES FACING SERIOUS ECONOMIC DIFFICULTIES, AND THE CREATION OF THE OBJECTIVE MARKET CONDITIONS WHICH ARE NECESSARY FOR ACHIEVING A DECLINE IN OIL PRICES.

3. THE U.S. PROPOSALS ARE IN NO WAY INTENDED TO REPLACE THE INTERNATIONAL MONETARY FUND AS THE PERMANENT INSTITUTION PROVIDING THE BASIC FINANCIAL SUPPORT FOR A WELL FUNCTIONING WORLD ECONOMY OR TO LIMIT ITS TO THE PROVISION OF FINANCIAL ASSISTANCE TO ANY PARTICULAR SUBGROUP OF ITS MEMBERS. IN FACT THE IMF'S LENDING ACTIVITY IS EXPECTED TO INCREASE IN 1975. WE DO NOT BELIEVE HOWEVER THAT IT IS NECESSARY OR DESIRABLE FOR THE IMF TO HAVE RECOURSE TO FURTHER BORROWINGS, AS IT HAS DONE WITH THE CURRENT OIL FACILITY, TO PROVIDE THIS ADDITIONAL SUPPORT TO MEMBERS. THE FUND HAS OVER DOLS. 10 BILLION OF CURRENCIES WHICH ARE EFFECTIVELY AVAILABLE AND USABLE, QUITE APART FROM ITS HOLDING OF GOLD. WE ARE PREPARED TO SUPPORT EARLY MEASURES TO INSURE EFFECTIVE MOBILIZATION OF THE RESOURCES THAT THE IMF NOW HAS AND TO SUPPORT A SUBSTANTIAL INCREASE IN FUND RESOURCES THROUGH A QUOTA INCREASE TO PROVIDE ADEQUATE RESOURCES FOR FUTURE FEARS. WE BELIEVE IT IS PREFERABLE FOR THE FUND USE THE RESOURCES IT HAS TO MEET MEMBERS NEEDS RATHER THAN BORROWING AGAINST THOSE RESOURCES.

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4. REFERENCE TO "RECOURSE TO FURTHER BORROWINGS" ENCOMPASSES HEALEY PROPOSAL. KISSINGER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, PETROLEUM, FOREIGN POLICY POSITION, FINANCIAL PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 DEC 1974  
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**TAGS:** EFIN, US, UK  
**To:** LONDON JIDDA  
**Type:** TE  
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